

**Northern Maine Development Commission
Executive Board Meeting Minutes of
October 13, 2016**

PLACE: NMDC Offices, Caribou
DATE: October 13, 2016 3:00 p.m.

Attendance: Chair Austin Bless, Don Adams, Butch Asselin, Keith Brown, Mary Anne Buck, Tom Clowes, Dave Cyr, David Dionne, Ralph Dwyer, Jon Frederick, Denis Gagne, Jim Gagnon, Don Guimond, Max Lynds, Dan McClung, Ryan D. Pelletier, Ryan E. Pelletier, Gary Picard, Jim Risner, Wendell Spooner, Patricia Sutherland, Jim Tweedie and Fred Ventresco.

Others Present: Barb Hayslett-Senator King's Office, Bob Clark, Jon Gulliver, Judy Dinsmore, Julie Corey, Josh Nadeau, Alain Ouellette, Mary Dahlgren and Chris Bouchard-Aroostook Republican.

1. Call to Order and Introductory Remarks:

Chair brought the meeting to order at 3:00 p.m. He welcomed new Board member Gary Picard of St. Agatha.

At this time Mr. Frederick informed the Board that Patricia Sutherland was the recent recipient of the Ethel Kelley Memorial award. The award is given to one dedicated to the cause of good local government, conscientiously serving for 20 or more years, having a selfless concern for others and their community and demonstrating the willingness and capability to hold the community together.

2. Approval of Executive Board of Directors Meeting Minutes of August 18, 2016:

MOTION:

Motion made by Mr. R.E. Pelletier, seconded by Mr. Risner to approve the Executive Board of Directors meeting minutes of August 18, 2016 as presented.

VOTE:

Motion voted on and passed.

3. Report of the Finance/Audit Committee:

Mr. Dwyer, Treasurer and Chair of the Finance/Audit Committee reported the Committee met with Ron Smith and Jon Bernier of RHR Smith and Company to discuss the federal compliance audit for the period ending June 30, 2016. Ron Smith stated that there were two management comments which were:

- Checks over \$20,000 require 2 signatures. They found some checks lacking the required second signature.
- Payroll was being processed before supervisors had approved their employee timesheets.

The Committee had the opportunity to meet with the auditors without the Executive Director and Finance Director in attendance.

The Committee reviewed the following financial reports and recommends their approval to the Board:

- a) August 31st Revenue and Expenditure Statement
- b) Balance Sheet for the period ending August 31st
- c) The Indirect Cost Allocation, and
- d) The Accounting Policies and Procedures Manual

Mr. Dionne inquired how will the agency look financially since we have lost some of the grant funding? Mr. Clark indicated we have received a couple others that we did not budget for and we have not heard back from others that we submitted back in August.

MOTION:

Motion made by Mr. Gagne, seconded by Ms. Buck to accept the report of the Finance/Audit Committee as presented.

VOTE:

Motion voted on and passed.

- A. Acceptance of the Agencywide Revenue and Expenditure Statement for the Period Ending August 31, 2016

Ms. Dahlgren reported the benchmark for the period ending August 31, 2016 is 16.67%.

Total revenues are \$479,437 representing 18.82% or 2.15 percentage points above the benchmark.

Total expenses for the period were \$363,931 or 15.45% of the budgeted expenses or 1.22 percentage points below the benchmark.

Agency Balance: \$115,507
 Accounts Receivable: \$175,993
 Cash on Hand: \$3,544
 Total Available Resources: \$179,537
 Accounts Payable: \$110,074
 Due Vendors (all current): \$19,347
 Pass Thru Funds (Washburn Dam project): \$24,410
 Loan Admin. Payable to NMDC: \$21,830

TA Payable to NMDC: \$44,488
 Operating Line of Credit: \$620,000
 Equipment Line of Credit: \$0.00

Indirect Cost Pool: \$104,746
 Base for Distribution: \$148,719
 Year to Date Indirect Cost Rate would be 70.4317% based on basis for distribution
 Fixed Indirect Costs Applied: \$70,508
 Under Applied Indirect Costs: \$30,237

Discussion took place as to how to get the indirect cost down more. Ms. Dahlgren indicated cutbacks have taken place where they can, layoffs and allocating employees time around in order to spread some of the costs. Further cutbacks will be looked at such as cleaning service and allocating more staff time to other programs. Mr. Clark stated the Auditor will be back in November to help with this and an analysis of indirect cost will be done.

Mr. Guimond announced the Finance/Audit Committee comprehends where the agency is financially and will need to stay on top of it by meeting more often and receiving various reports.

Mr. R.D. Pelletier stated the agency is doing a good job cutting expenses and trying to increase the number of grants received, but the Congressional Delegation needs to be more engaged and help Aroostook County out.

MOTION:

Motion made by Mr. Frederick, seconded by Mr. Gagne to approve the Agencywide Revenue and Expenditure Statement for the period ending August 31, 2016 as presented.

VOTE:

Motion voted on and passed.

B. Acceptance of Federal Compliance Audit

Ms. Dahlgren directed the Board to page 3:

Total Assets - \$13,058,860
 Total Liabilities - \$7,434,498
 Net Assets - \$5,624,362

There were no federal findings this year. Line of credit is at \$740,000 in which a good portion will be received within the next few months.

MOTION:

Motion made by Mr. Guimond, seconded by Mr. Dwyer to accept the Federal Compliance Audit for the period ending June 30, 2016.

VOTE:

Motion voted on and passed.

C. Acceptance of NMDC Accounting Policies and Procedures Manual

Mr. Clark stated Matt Tompkins, NMDC's Accountant revised the document.

Mr. Clark presented the following highlights to the Board:

- Page 2: Duties and responsibilities of the Finance/Audit Committee and the differentiation of NMDC's administrative functions and the procedures that the Business Finance Division follows in accordance with the various funding sources.
- Page 4: Separation of NMDC and Aroostook Partnership.
- Page 8: Organizational Accounting Overview
- Page 10: Classification of Income and Net Assets (will change next year under GAPP)
- Page 12: Practices Associated with Revenues and Cash Receipts
- Page 22: Practices Associated with Expenditures and Disbursements
- Page 29: Use of automated check signing process with Executive Director's signature affixed to generic check form for all 35 accounts
- Page 30: Checks over \$20,000 require one signature, but will also require 2 authorizations in response to the auditor's management comments
- Page 31: Timesheets are submitted electronically to supervisors before payroll is processed
- Page 35: Practices pertaining to Specific Assets & Liability Accounts
- Page 44: Practices pertaining to Financial and Tax Reporting
- Page 52: Practices pertaining to Federal and State Awards
- Page 56: NMDC will be responsible for monitoring all sub-awards
- Appendices: Organizational chart, and employee forms

MOTION:

Motion made by Ms. Sutherland, seconded by Mr. Guimond to approve the NMDC Accounting Policies and Procedures Manual as presented.

VOTE:

Motion voted on and passed.

D. Form 990

Mr. Clark announced Form 990 is the income tax return for nonprofits and access is to be provided to the Board and the public. NMDC's can be found on the Guide Star website: www.guidestar.org .

4. Report of the Loan Review Committee:

Ms. Corey discussed the following which were recommended under staff authority.

DJ Morin Construction: Restructure from Micro to REDLF – approved.

Mark Cyr: Working capital – approved.

Bacon Auto: Expansion into Presque Isle – approved.

Clark's Variety, Inc.: Working capital – approved.

Autotronics: Subordination request – approved.

MOTION:

Motion made by Mr. Tweedie, seconded by Mr. Gagne to accept the Loan Review Committee's report as presented.

VOTE:

Motion voted on and passed.

A. Request in Excess of Loan Review Committee's Authority

Caldwell's Auto LLC: Their floor plan is on a one year basis and is up for renewal again. Termed out \$50,000 this year and will do the same again next year for everything that is over a year old. Caldwell's will be purchasing new cars that are ready for sale and will be placing them on a floorplan at cost. Trailers and plows will be excluded from the floorplan.

MOTION:

Motion made by Mr. Tweedie, seconded by Mr. Gagne to accept the Loan Review Committee's recommendation as presented.

VOTE:

Motion voted on and passed.

B. Signatory Resolution

Mr. Clark explained this resolution allows him as the Executive Director to have the authority to sign documents pertaining to loan funds, loan administration or individual loans on behalf of NMDC in Julie Corey's absence. At this time Ms. Corey is the only one authorized to sign, which makes it difficult when she is out of the office.

MOTION:

Motion made by Mr. R.D. Pelletier, seconded by Mr. Gagnon to approve the signatory resolution as presented.

VOTE:

Motion voted on and passed.

C. SBDC Update

Mr. Nadeau updated the Board on the following:

July 1, 2016 to June 30, 2017

Capital Formation (\$ in million)

Goal: \$3,000,000

Benchmark (25% through fiscal year): \$750,000

Actual: \$1,284,800

New Business Starts

Goal: 15

Benchmark (25% through fiscal year): 3.75

Actual: 6

Number of Long Term Clients (5 or more hours)

Goal: 60

Benchmark (25% through fiscal year): 15

Actual: 17

Business Advising Hours

Goal: 900

Benchmark (25% through fiscal year): 225

Actual: 237

Small Business Workshops

Goal: 9

Benchmark (25% through fiscal year): 2.25

Actual: 2

Jobs Created/Retained

Goal: 80

Benchmark (25% through fiscal year): 20

Actual: 36

Mr. Dionne asked what areas are served and suggested clients be indicated on a map.

5. Ratification of Service Contracts:

The following contracts were ratified by the Board:

Land Use Ordinance – Town of Limestone	\$ 5,500
Patten Comprehensive Plan	18,000
Presque Isle NBRC Administration	<u>6,500</u>
Total:	\$ 30,000

MOTION:

Motion made by Mr. Adams, seconded by Mr. Frederick to ratify the service contracts as presented.

VOTE:

Motion voted on and passed with Mr. Ventresco abstaining.

6. Report of Human Resources Committee:

Mr. Bless reported the HR Committee met on October 11th at NMDC offices. A quorum was not present, but the Committee discussed the Educational Assistance Program, revised Job Descriptions (Office Manager, Loan Officers, Business Finance Assistant, SBDC Director/Business Advisor and Accountant), Fair Labor Standards Act Exemption Rule, EBT Carry Forward Policy and an update on a salary survey that was conducted.

The Committee made several suggested changes to the job descriptions and will review the final drafts at their next meeting. They also discussed what impact the Fair Labor Standards Act Exemptions Rule may have on the organization.

A. Educational Assistance Program Policy

Mr. Clark announced this was revised as a result of the HR Committee meeting. The Committee wanted to be sure that if the employee leaves within the first year after completing a course, they will need to pay back the cost of tuition on a pro rata monthly basis. It costs approximately \$600 per course.

MOTION:

Motion made by Mr. Gagne, seconded by Ms. Buck to approve the Education Assistance Program Policy as presented.

VOTE:

Motion voted on and passed.

B. Fair Labor Standards Act Exemptions Rule

Mr. Clark presented a summary of the FLSA exemption rule for non-profits and also NMDC's current policy that requires approval by supervisors before overtime can be charged. He stated it was suggested by the Committee members to continue to follow NMDC's Overtime Policy..

C. Earned Benefit Time Carry Forward Policy

Mr. Clark reported the EBT policy allows employees to carry forward ½ of their annual allowance. Anything over the ½ allowance can be put into a sick bank (sick bank maximum is 240 hrs). Sick bank hours cannot be paid out upon separation.

He explained the situation the office is currently facing. There are 3 employees with significant carryover hours (196 to 286 hrs). These employees also have significant sick bank hours (202 to 214 hrs). There are 2 employees with moderate carryover hours (124 to 141 hrs). These employees have no sick bank hours. Two employees have minimal carryover hours (41 to 67 hrs) and have no sick bank hours. And there are 7 employees with no carryover hours and have sick bank hours (2 have sick bank hours of 72 and 238 hours).

The proposed policy will:

For those employees with significant carryover hours – they must use carryover hours within the next 18 months.

For those employees with moderate carryover hours – they must use carryover hours within the next 12 months.

There will be no payout on excess carryover hours and this temporary policy expires at the end of 12 and 18 months respectfully.

Mr. Clark also discussed the language pertaining to physicians outside of the County. He explained employees may use their long term sick bank for FMLA defined leave with approval of Executive Director. The family sick leave paragraph was deleted as it conflicted with the FMLA language.

Chair Bless stated he was concerned about the lack of management in regards to EBT. Mr. Clark indicated this has since been resolved by having checks and balances in place with different employees handling the EBT and the payroll functions.

Mr. Risner stated he felt this was a fair process to allow the employees the ability to use up their excess carry forward hours.

MOTION:

Motion made by Mr. Gagne, seconded by Mr. Frederick to approve the EBT carry forward hours as presented.

VOTE:

Motion voted on and passed.

7. Appointments to NMDC Standing Committees:

A. Aroostook County Tourism Board (ACT)

Chair Bless announced it is the recommendation of the ACT Board to appoint Dona Saucier of Fort Kent to their Board.

MOTION:

Motion made by Mr. Risner, seconded by Mr. Gagne to appoint Dona Saucier of Fort Kent to the ACT Board as recommended.

VOTE:

Motion voted on and passed.

B. Brownfields Steering Committee

Chair Bless announced it was the recommendation of the Brownfields Steering Committee to appoint Dave Cyr of Mars Hill, Ryan E. Pelletier of Frenchville and Steve Pelletier of Fort Kent to the Brownfields Steering Committee.

MOTION:

Motion made by Mr. Guimond, seconded by Mr. Risner to appoint Dave Cyr, Ryan E. Pelletier and Steve Pelletier to the Brownfields Steering Committee as recommended.

VOTE:

Motion voted on and passed.

8. Report of the Aroostook County Tourism Board:

Ms. Sutherland presented the report to the Board indicating Dina Jackson of the Lakes and Mountains Region updated the ACT Board on how their program runs in their area.

CarolAnne Ouellette of the Maine Office of Tourism was in attendance at the ACT meeting and was pleased to see how we were doing. She tries to attend a meeting of all the regions throughout the year to hear their successes and to learn of their concerns or needs for their area.

ACT is looking for information to add to their blog regarding what is happening in the area.

The Aroostook County region will be placed first in the 2017 Maine Invites You travel planner. Each year the regions rotate for placement and ACT wants to make the most of this opportunity, therefore ACT has been charged with finding ads for our section.

An RFP has gone out for the new Aroostook County Regional Guide. It was reprinted last year, but is now due for a total revamping.

MOTION:

Motion made by Mr. Gagne, seconded by Mr. Dionne to accept the report of the ACT Board as presented.

VOTE:

Motion voted on and passed.

9. Community Development Financial Institution Award:

Mr. Clark announced NMDC was awarded the CDFI award in the amount of \$124,544. For 2016, the CDFI awarded \$170.2 million in Financial Assistance and Technical Assistance to 158 organizations. A total of 457 applications were received requesting more than \$675 million under this round of the CDFI program.

This will assist NMDC to become a CDFI to get funding from foundations and the Treasury. He also announced NMDC received a second Rural Microenterprise grant as well.

Mr. R.D. Pelletier stated this is huge for Aroostook County and asked how it will be housed at NMDC once it is up and running. Mr. Clark stated it will be part of the Business Finance Division and possibly additional staff will need to be hired.

10. Establish Meeting Time for December, 2016 and February, 2017 Meetings:

Chair Bless stated the December 8, 2016 and February 9, 2017 meetings will be held after Daylight Saving Time ends. Therefore it is his recommendation that these two meetings be held at noon at NMDC.

MOTION:

Motion made by Mr. Dwyer, seconded by Mr. Tweedie to begin the December 8, 2016 and February 9, 2017 Executive Board meetings at noon.

VOTE:

Motion voted on and passed.

11. Other Business:

Mr. Frederick announced the Aroostook County Brewfest, which will be held on October 15th at the Nordic Heritage Center in Presque Isle – 1:00 p.m. \$35.00/pp.

Mr. Ouellette announced the Portage Lake Pumpkin Fest this weekend in Portage.

12. Executive Director's Report:

No report available.

13. Adjournment:

There being no further business to conduct, Chair Bless declared the meeting adjourned at 4:32 p.m.

Respectfully submitted,

Keith Brown
Secretary

KB/jd